

THE LARCHMONT VILLAGE PROPERTY BUSINESS IMPROVEMENT DISTRICT

*District being renewed pursuant to Section 36600 et seq.
of the California Streets and Highways Code
The Property and Business Improvement District Law of 1994*

DISTRICT ASSESSMENT ENGINEER'S REPORT

ATTACHMENT 1

*Report Prepared by
Edward V. Henning,
California Registered Professional Engineer # 26549
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March 9, 2012

DISTRICT ASSESSMENT ENGINEER'S REPORT

To Whom It May Concern:

I hereby certify to the best of my professional knowledge and experience that each of the identified benefiting parcels located within the renewed Larchmont Village Property Business Improvement District ("Larchmont PBID") will receive a special benefit over and above the benefits conferred on the public at large and that the amount of the assessment is proportional to, and no greater than the benefits conferred on each respective parcel.

Prepared by Edward V. Henning, California Registered Professional Engineer # 26549



Edward V. Henning
Edward V. Henning

RPE #26549 3-9-12

Date

(NOT VALID WITHOUT SIGNATURE AND CERTIFICATION SEAL HERE)

Introduction

This report serves as the "detailed engineer's report" required by Section 4(b) of Article XIID of the California Constitution (Proposition 218) to support the benefit property assessments levied within the Larchmont Village PBID in the City of Los Angeles, California being renewed for a 10 year period. The discussion and analysis contained within constitutes the required "nexus" of rationale between assessment amounts levied and special benefits derived by properties within the Larchmont Village PBID.

NOTE: The terminology "identified benefiting parcel" or "property" is used throughout this report pursuant to SB 919 - "Proposition 218 Omnibus Implementation Act" which clarified portions of Prop 218. It provides the Engineer and District Consultant with the ability to actually identify individual parcels which specially benefit directly either in whole or in part from the District funded programs and improvements and does not imply that all parcels receive assessable benefits.

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Background

The Larchmont Village PBID is a property-based benefit assessment type district being renewed for a 10 year period pursuant to Section 36600 et seq. of the California Streets and Highways Code, also known as the Property and Business Improvement District Law of 1994 (the "Act").

Due to the benefit assessment nature of assessments levied within a PBID, district program costs are to be distributed amongst each and every identified benefiting parcel within the PBID based on the proportional amount of program special benefit each parcel is expected to derive from the assessments levied. Within the Act, frequent references are made to the concept of relative "benefit" received from PBID programs and activities versus amount of assessment paid. Only those properties expected to derive special benefits from PBID funded programs and activities may be assessed and only in an amount proportional to the relative special benefits expected to be received.

The method used to determine special benefits derived by each identified parcel within a PBID begins with the selection of a suitable and tangible basic benefit unit. For property related services, such as those proposed in the Larchmont Village PBID, the benefit unit may be measured in linear feet of primary street frontage or parcel size in square feet or building size in square feet or number of building floors or proximity to major corridors in average linear feet, or any combination of these factors. Quantity takeoffs for each parcel are then measured or otherwise ascertained. From these figures, the amount of benefit units to be assigned to each property can be calculated. Special circumstances such as unique geography, land uses, development constraints etc. are carefully reviewed relative to specific programs and improvements to be funded by the PBID in order to determine any levels of diminished benefit which may apply on a parcel-by-parcel or categorical basis.

Based on the factors described above such as geography and nature of programs and activities proposed, an assessment formula is developed which is derived from a singular or composite basic benefit unit factor or factors. Within the assessment formula, different factors may be assigned different "weights" or percentage of values based on their relationship to programs/services to be funded.

Next, all program and activity costs, including incidental costs, District administration and ancillary program costs, are estimated. It is noted, as stipulated in Proposition 218, and now required of all property based assessment Districts, indirect or general benefits may not be incorporated into the assessment formula and levied on the District properties; only direct or "special" benefits and costs may be considered. Indirect or general benefit costs, if any, must be identified and, if quantifiable, calculated and factored out of the assessment cost basis to produce a "net" cost figure. In addition, Proposition 218 no longer automatically exempts government owned property from being assessed and if special benefit is determined to be conferred upon such properties, they must be assessed in proportion to special benefits conferred in a manner similar to privately owned property assessments.

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From this, the value of a basic benefit unit or “basic net unit cost” can be computed by dividing the total amount of estimated net program costs by the total number of benefit units. The amount of assessment for each parcel can be computed at this time by multiplying the Net Unit Cost times the number of Basic Benefit Units per parcel. This is known as “spreading the assessment” or the “assessment spread” in that all costs are allocated proportionally or “spread” amongst all properties within the PBID.

The method and basis of spreading program costs varies from one PBID to another based on local geographic conditions, types of programs and activities proposed, and size and development complexity of the District.

Supplemental Proposition 218 Procedures and Requirements

Proposition 218, approved by the voters of California in November of 1996, adds a supplemental array of procedures and requirements to be carried out prior to levying a property-based assessment like the Larchmont Village PBID. These requirements are in addition to requirements imposed by State and local assessment enabling laws. These requirements were “chaptered” into law as Article XIII D of the California Constitution.

Since Prop 218 provisions will affect all subsequent calculations to be made in the assessment formula for the Larchmont Village PBID, Prop 218 requirements will be taken into account. The key provisions of Prop 218 along with a description of how the Larchmont Village PBID complies with each of these provisions are delineated below.

(Note: All section references below pertain to Article XIII of the California Constitution):

Finding 1. From Section 4(a): “Identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed”

There are 25 “identified” parcels within the Larchmont Village PBID that derive special benefit from the District programs and activities. The benefits are special and unique only to the identified parcels within the District because programs and services (i.e. streetscape services; marketing-promotions; physical amenities; administration-operations; and, contingency-special fees-reserve) are only provided directly for the identified parcels. These identified benefiting parcels are located within the PBID perimeter boundary which is shown on the Boundary Map included in the Management District Plan and are listed as an attachment to the Plan and this Report - identified by assessor parcel number. Any future land subdivisions approved within the term of the renewed District will adhere to the assessment rate structure described herein. There is a single benefit zone within the renewed PBID. This area represents the core commercial district of Larchmont Village, and is unique in its combination and intensity of retail, restaurant, financial and office use.

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The northern PBID boundary is defined by Beverly Boulevard. While the area north of Beverly Boulevard is zoned commercial, the land uses and development patterns are generally less intense service oriented businesses than south of Beverly Boulevard which is primarily retail and restaurant businesses and, in turn, the program and service needs are different. No services from the existing PBID are provided north of Beverly Boulevard and, in turn, no special benefits are derived from PBID funded services and programs by parcels lying outside the PBID. General benefits, if any, are unintentional and unquantifiable.

The southern PBID boundary is defined by 1st Street. The area south of 1st Street is exclusively zoned residential and developed with single family residential neighborhoods. Pursuant to State Law, parcels zoned solely residential are conclusively presumed not to benefit from the improvements and service funded through these assessments. No services from the existing PBID are provided south of 1st Street and, in turn, no special benefits are derived from PBID funded services and programs by parcels lying outside the PBID. General benefits, if any, are unintentional and unquantifiable.

The western PBID boundary is defined by the north/south alley running between Beverly Boulevard and 1st Street. The parcels to the west of west PBID boundary are exclusively zoned residential and developed with single family residential neighborhoods. Pursuant to State Law, parcels zoned solely residential are conclusively presumed not to benefit from the improvements and service funded through these assessments. No services from the existing PBID are provided south of 1st Street and, in turn, no special benefits are derived from PBID funded services and programs by parcels lying outside the PBID. General benefits, if any, are unintentional and unquantifiable.

The eastern PBID boundary is defined by the west property lines of the adjacent properties outside of the District to the east. The parcels to the east of the east PBID boundary are exclusively zoned residential and developed with single family residential neighborhoods. Pursuant to State Law, parcels zoned solely residential are conclusively presumed not to benefit from the improvements and service funded through these assessments. No services from the existing PBID are provided south of 1st Street and, in turn, no special benefits are derived from PBID funded services and programs by parcels lying outside the PBID. General benefits, if any, are unintentional and unquantifiable.

No services from the existing PBID are provided to the residential neighborhoods to the east or west of the PBID boundaries and, in turn, no special benefits are derived from PBID funded services and programs by parcels lying outside the PBID. General benefits, if any, are unintentional and unquantifiable.

All identified parcels within the above-described boundaries are assessed to fund special benefit services, programs and improvements as outlined in this report and the Management District Plan. PBID funded activities are only provided to properties inside the District boundaries – none outside.

Finding 2. From Section 4(a): “Separate general benefits (if any) from the special benefits conferred on

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parcel(s). Only special benefits are assessable. “

As stipulated by Proposition 218, assessment District programs and activities may confer a combination of general and special benefits to properties, but the only program benefits that can be assessed are those that provide special benefit to the identified parcels. For the purposes of this analysis, a “general benefit” is hereby defined as: “A benefit to properties in the area and in the surrounding community or benefit to the public in general resulting from the improvement, activity, or service to be provided by the assessment levied”. “Special benefit” as defined by the California State Constitution means a distinct benefit over and above general benefits conferred on real property located in the District or to the public at large.

The property uses within the boundaries of the Larchmont Village PBID which receive special benefits from PBID funded programs and services are currently a mix of retail, office and parking. Services, programs and improvements provided by the District are primarily designed to provide special benefits to identified commercial parcels within the boundaries of the district.

Existing City of Los Angeles services are enhanced, not replaced or duplicated, by PBID services. In the case of the Larchmont Village PBID, the very nature of the purpose of this District is to fund supplemental programs, improvements and services within the PBID boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. These services, programs and improvements, are designed to enhance each identified parcel, increase tenancy and marketing of each identified parcel in the PBID and improve the aesthetic appearance of streetscape areas adjacent to each identified parcel within the PBID. All benefits derived from the assessments levied on parcels within the PBID are for services, programs and improvements directly benefiting each parcel within this area and support increased cleanliness, commerce, business attraction and retention, increased property rental income and improved identity. No services are provided beyond the PBID boundaries.

Improvements and Activities: The following are the improvements and activities funded by the Larchmont Village Business Improvement District:

1) **Streetscape Services (cleaning, litter pickup, landscape upkeep, trash bin cleaning):** This program element funds various supplemental streetscape services performed by subcontract vendors within the streetscape areas within the PBID. Included are regular disposal of trash in streetscape bins; streetscape porter services to pick up litter and debris and remove illegal signs and posters on street furniture, trees and poles; monthly pressure washing of trash bin lids and streetscape areas; and, periodic landscape upkeep on an “as needed” basis. It is noted that any public pavement repairs needed within the District are not the responsibility of the PBID. The following describes the projected frequencies of regular streetscape services:

1. One time per week all streetscape areas, landscape wells and planters will be cleaned of all trash and debris.

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2. One time per week a street sweeper will sweep the streetscape areas. This will be performed between 5 a.m. and 8 a.m.
3. Daily each morning, trash liners will be emptied and bags replaced; all lids will wiped off.
4. At 3 p.m. each day all liners more than half full will be changed. Also at this time the area around the receptacles will be cleaned of all trash and debris.
5. Monthly pressure washing of all streetscape areas and trash bin lids.

These supplemental streetscape services directly benefit each parcel within the PBID by creating positive perceptions of the Larchmont Village District as an attractive and pedestrian-friendly shopping and dining area. Regular and professional streetscape care presents a clean and caring appearance of a well managed and successful business center for the direct and special benefit of each parcel within the PBID.

Each supplemental streetscape service assists in beautifying the PBID areas adjacent to each parcel within the PBID and enhances the image of this commercial corridor and the public streetscape areas adjacent to each parcel within it. This activity is designed to increase commerce and attract and attract and retain businesses for the benefit of each parcel within the PBID. These supplemental streetscape services will only be provided within the PBID boundaries for the direct benefit of each parcel within the PBID; therefore these services constitute "special benefits" to each assessed parcel.

The City owned "pay as you park" public parking lot in the PBID will directly benefit from supplemental streetscape services by keeping the area clean and litter-free which, in turn, enhances the desirability of parking vehicles in this public parking lot and increases parking revenues to the City.

The cost of providing supplemental streetscape services for 2013 is estimated at \$72,900, or 60.75% of the 2013 budget.

2) Marketing/Promotions: This program element will include services such as business marketing, media relations, event planning, public relations, economic development and retail recruitment. Funds will also be used for district branding opportunities, promotional materials, including business directories, specialty brochures, maps, visitors' guides and press releases; upkeep and development of a Larchmont BID website; and annual economic benchmarking research and similar projects. This activity is designed to enhance commerce and attract and retain businesses for the direct benefit of each parcel within the PBID boundaries. These marketing-promotion programs will only be provided for each parcel within the PBID boundaries; therefore these services constitute "special benefits" to each assessed parcel.

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The City owned "pay as you park" public parking lot in the PBID will directly benefit from marketing-promotion programs by increasing commerce with increased customers, clients and sales within the PBID which, in turn, increases the demand for parking vehicles in this public parking lot and increases parking revenues to the City.

The cost of providing marketing-promotions for 2013 is estimated at \$15,000, or 12.5% of the 2013 budget.

3) Physical Amenities: This program element will include physical improvements and enhancements such as street lamp seasonal banners and holiday decorations and lighting. These amenities are intended to enhance the appeal and attraction of each parcel within the PBID, especially during the year end holiday season which is usually the busiest and most profitable part of the year for many Larchmont Village businesses. It is noted that PBID funds may be further supplemented by annual holiday decoration grants from the Los Angeles Department of Water and Power.

Any PBID funded amenities will only be provided within the PBID boundaries and only for the direct benefit of each parcel within the PBID; therefore funding these amenities constitute "special benefits" to each assessed parcel.

The City owned "pay as you park" public parking lot in the PBID will directly benefit from physical amenity improvements by increasing commerce with increased customers, clients and sales within the PBID which, in turn, increases the demand for parking vehicles in this public parking lot and increases parking revenues to the City.

The cost of funding amenities for 2013 is estimated at \$8,000, or 6.67% of the 2013 Budget.

4) Administration/Operations: This program element funds the costs for day to day contract management, preparation of regular PBID related reports, office expenses, legal fees, City/County assessment district fees, accounting/bookkeeping fees, and Directors & Officers and General Liability insurance.

This component is key to the proper expenditure of PBID assessment funds and the administration of PBID programs and activities which are intended to benefit each parcel within the PBID through increased commerce and the attraction and retention of businesses. Because this program exists only for the direct benefit of each parcel within the PBID and will only be provided for matters occurring within the PBID boundaries, this program constitutes a "special benefit" to each assessed parcel.

The cost of providing administration for 2013 is estimated at \$15,410, or 12.84% of the 2013 Budget.

5) Contingency/Special Fees/Reserve: The contingency is used to cover City and County assessment related fees, uncollected assessments and unexpected expenditures. Unexpended funds carried over from the previous year are added to this category. The contingency for 2013 is estimated at \$8,690, or 7.24% of the 2013 Budget.

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The contingency/special fees/reserve only relates to PBID matters, therefore this program element provides a "special benefit" to the assessed parcels.

Each of these programs and activities work together to create a more pleasing environment within the district that is conducive to strengthening the current and future economic vitality of the commercial corridor through the attraction and retention of new business, increased commerce and enhanced experiences for shoppers, visitors, workers and stakeholders. The programs, improvements and services are designed to specifically benefit properties within the PBID boundaries. The PBID assessments are only levied on identified properties within the PBID boundaries and assessment revenues are spent to deliver services that provide a direct and special benefit to assessed parcels and to improve the economic vitality of these properties. Inasmuch as no services are provided beyond the PBID boundaries to the surrounding communities or to the public in general, any general benefit is unintentional. It is hereby determined that general benefits, if any, are not quantifiable, measurable, or tangible.

Finding 3. From Section 4(a): "(Determine) the proportionate special benefit derived by each parcel in relationship to the entirety of the.....cost of public improvement(s) or the maintenance and operation expenses.....or the cost of the property related service being provided.

Each identified parcel within the district is assessed based on a property characteristic (street frontage) unique only to that parcel. The calculated assessment rate is applied to the actual measured parameter of each parcel and thereby is proportional to each and every other identified parcel within the district as a whole. Parcels with larger street frontages along Larchmont Boulevard impact the demand for services and programs to a greater extent than smaller ones and thus are assigned a higher proportionate degree of assessment program and service costs.

The proportionate special benefit cost for each parcel has been calculated based on the adopted assessment formula and is listed as an attachment to the Management District Plan and this Report. The individual percentages (i.e. proportionate relationship to the total special benefit related program and activity costs) is computed by dividing the individual parcel assessment by the total special benefit program costs.

Finding 4. From Section 4(a): "No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."

Not only are the proposed program costs reasonable due to the benefit of group purchasing and contracting which is possible through the Larchmont Village PBID, they are also considerably less than other options considered by the Larchmont Village PBID proponent group. The actual assessment rate for each parcel within the PBID directly relate

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to the level of special benefit service to be provided to each identified parcel within the District based on the respective measurement of Larchmont Boulevard street frontage of each parcel.

Finding 5. From Section 4(a): “Parcels.....that are owned or used by any (public) agency shall not be exempt from assessment.....”

There is 1 publicly owned parcel at this time within the Larchmont Village PBID (APN 5515-018-900 – City of Los Angeles public parking lot). The City owned “pay as you park” public parking lot will directly benefit from supplemental streetscape services by keeping the area clean and litter-free which, in turn, enhances the desirability of parking vehicles in this public parking lot and increases parking revenues to the City. This parcel will further directly benefit from marketing-promotion programs and physical amenity improvements by increasing commerce with increased customers, clients and sales within the PBID which, in turn, increases the demand for parking vehicles in this public parking lot and increases parking revenues to the City.

Based on the rationale provided above, there is no clear and convincing evidence that this parcel does not benefit equally to privately owned parcels and, thus, is assessed in the same manner and rate as private owned parcels in the PBID. The 2013 assessment for this parcel is \$5,514.28 which represents 4.60% of the entire District assessment levied.

Finding 6. From Section 4(b): “All assessments must be supported by a detailed engineer’s report prepared by a registered professional engineer certified by the State of California”.

This report serves as the “detailed engineer’s report” to support the benefit property assessments levied within the Larchmont Village PBID.

Finding 7. From Section 4(c): “The amount of the (proposed) assessment for each parcel shall be calculated (along with) the total amount thereof chargeable to the entire district, the duration of such payments, the reason for such assessment and the basis upon which the amount of the (proposed) assessment was calculated.”

The individual and total parcel assessments attributable to special property benefits are shown on Appendix 1 to the Management District Plan and this Report. The District and resultant assessment payments will continue for 10 years and may be renewed again at that time. The reasons (purposes) for the assessments are outlined in Finding 2 above as well as in the Management District Plan. The calculation basis of the assessment is attributed 100% to the amount of Larchmont Boulevard street frontage. There is a single benefit zone.

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Assessment Formula Methodology

Step 1. Select “Basic Benefit Unit(s)”

PBID assessment formulas typically are based on either property street frontage or parcel and building size or location, all which relate to the amount of special benefit conferred on a particular parcel and the proportionate assessment to be paid. The formula may base assessments on a single factor or a combination of factors.

Based on the specific needs and corresponding nature of the program activities funded by the Larchmont Village PBID (i.e. streetscape services; marketing-promotions; physical amenities; administration-operations; and, contingency-special fees-reserve), it is the opinion of this Assessment Engineer that the assessment factor on which to base assessment rates relate directly to the proportionate amount of primary street frontage along Larchmont Boulevard including any property corner cuts or radii dimensions. Side or rear alley frontages are not counted since no services are extended or provided along these other street/alley frontages. Using a single assessment factor like street frontage is an appropriate application in a commercial area like Larchmont Village where the development density is fairly homogeneous with one and two story buildings.

Street frontage is a direct measure of the static utilization of each parcel and its corresponding impact or draw on PBID funded activities such as streetscape services; marketing-promotions; physical amenities; administration-operations; and, contingency-special fees-reserve. In the opinion of this Assessment Engineer, the targeted weight of this factor, street frontage, should generate 100% of the total PBID revenue

The application of street frontage quantities is a proven method of fairly and equitably spreading special benefit costs to the primary beneficiaries of PBID funded services, programs and improvements. This factor directly relates to the degree of special benefit each parcel receives from PBID funded activities.

The “Basic Benefit Unit” will be expressed as a function of Larchmont Boulevard street frontage (Benefit Unit “A”). Based on the shape of the Larchmont Village PBID, as well as the nature of the District program elements, it is determined that all commercial properties will gain a direct and proportionate degree of benefit based on the respective amount of primary street frontage within a single benefit zone.

Step 2. Quantify Total Basic Benefit Units

Taking into account all identified benefiting properties and their respective assessable benefit units, there are 2,176.17 Benefit Units A.

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Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the Larchmont Village PBID was computed from data extracted from City of Los Angeles land records as well as County Assessor records and maps. These data sources delineate current property dimensions of record for each tax parcel. While it is understood that this data does not represent legal field survey measurements or detailed title search of recorded land subdivision maps, it does provide an acceptable basis for the purpose of calculating property based assessments. All respective property data used for assessment computations has been provided to each property owner in the PBID for their review and verification. All known or reported discrepancies, errors or misinformation have been corrected.

Step 4. Determine Assessment Formula

Based on the nature of the programs to be funded as well as other rationale outlined in Step 1 above, it has been determined that the Larchmont Village PBID assessments are based on primary street frontage. The targeted assessment formula component weight is: 100% for Benefit Unit A - street frontage.

Computing Assessment Formula Unit Costs (2013):

(Benefit Unit "A") = $\$120,000 / 2,176.17 \text{ linear feet} = \$55.14275 \text{ per linear foot of primary street frontage}$

2013 Assessment Rate Schedule and Application:

The assessment formula for all parcels is:

[Primary Street Frontage (linear feet) \times \$55.14275 per linear foot of primary street frontage]

Future Development

As future new development occurs within the District, current property characteristics and parcel configurations may also change. This may occur due to various land related modifications such as new subdivisions, lot line adjustments, reversions to acreage and parcel consolidations. In turn, individual parcel street frontage measurements may also change. Any such modifications will result in recalculation of assessments for new and/or modified parcels based on the assessment rate in affect when such changes occur in accordance with future maximum rates and the assessment methodology delineated in this Report. In the case of any condominium development or conversion, street frontage allocations would be pro-rated based on proportionate building pad areas of each condo parcel relative to the total building area attributed to the original street frontage measurement.

It is noted that any change in assessment formula methodology or rates other than as stipulated in this Report would require a new Proposition 218 ballot procedure in order to approve any such changes.

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Step 5. Estimate Total District Costs

The total District projected costs for 2013-2022 are shown below in Table 1.

TABLE 1
Total 2013-2022 District Costs (assume 3% increase over prior year)

Assessment Year	Streetscape Services	Marketing-Promotions	Physical Amenities	Administration - Operations	Contingency - Reserve	TOTAL
2013	\$72,900	\$15,000	\$8,000	\$15,410	\$8,690	\$120,000
2014	\$75,087	\$17,500	\$6,000	\$15,861	\$9,152	\$123,600
2015	\$77,340	\$18,000	\$6,500	\$16,316	\$9,152	\$127,308
2016	\$79,660	\$18,500	\$7,000	\$16,783	\$9,184	\$131,127
2017	\$82,050	\$19,000	\$7,500	\$17,265	\$9,246	\$135,061
2018	\$84,511	\$19,500	\$8,000	\$17,761	\$9,341	\$139,113
2019	\$87,046	\$20,000	\$8,500	\$18,273	\$9,467	\$143,286
2020	\$89,658	\$20,500	\$9,000	\$18,799	\$9,628	\$147,585
2021	\$92,348	\$21,000	\$9,500	\$19,342	\$9,822	\$152,012
2022	\$95,118	\$21,500	\$10,000	\$19,900	\$10,055	\$156,573

Step 6. Separate General Benefits from Special Benefits and Related Costs (Prop 218)

All benefits derived from the assessments outlined in the Management District Plan and this Report are for supplemental services, programs and improvements directly benefiting the identified properties within the PBID. All PBID funded activities are provided solely to properties within the Larchmont Village PBID. All services are delivered only within the boundaries and designed only for the direct special benefit of the identified assessed properties in the PBID. No services are provided to non-assessed parcels outside the PBID boundaries. Any potential spill over effect is unquantifiable as previously discussed in this report. Thus, all general benefits (if any) within or outside of the PBID, are inadvertent, intangible and immeasurable. Total 2013 District revenues are shown below in Table 2.

TABLE 2
Total 2013 District Revenues

Funding Source	Revenue	% of Total
PBID Assessments	\$120,000	100.00%
TOTAL DISTRICT REVENUE	\$120,000	100.00%

Step 7. Calculate "Basic Unit Cost"

With a 2013 budget of \$120,000 (special benefit only), the Basic Unit Costs are shown above in Step 4. Since the PBID is being renewed for a 10 year term, maximum assessments for future years (2014-2022) must be set at the

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renewal point of the PBID. *An annual flat inflationary assessment rate increase of up to 3% either may be imposed each year for Years 2014-2022*, on approval by the PBID Property Owner's Association. The maximum assessment rates for 2013-2022 are shown below in Table 3.

TABLE 3
Year 1-10 Maximum and Projected District Assessment Rates

Assessment Year	Maximum PBID Assmt Rate - \$/LF Frontage	Projected
		Annual PBID Assessments
2013	\$55.14275	\$120,000
2014	\$56.79703	\$123,600
2015	\$58.50094	\$127,308
2016	\$60.25597	\$131,127
2017	\$62.06365	\$135,061
2018	\$63.92556	\$139,113
2019	\$65.84333	\$143,286
2020	\$67.81863	\$147,585
2021	\$69.85319	\$152,012
2022	\$71.94878	\$156,573

(assumes maximum 3% increase over prior year rates)

Step 8. Spread the Assessments

The resultant assessment spread calculation results for each parcel within the PBID are shown in the Management District Plan and were determined by applying the District assessment formula to each identified benefiting parcel.

APPENDIX 1

YEAR 2013
ASSESSMENT ROLL

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LIST OF PARCELS INCLUDED IN THE DISTRICT

<i>APN</i>	<i>2013 ASSM'T</i>
5515-018-012	\$2,631.41
5515-018-013	\$2,631.41
5515-018-015	\$2,757.14
5515-018-016	\$2,757.14
5515-018-017	\$2,757.14
5515-018-021	\$2,757.14
5515-018-022	\$8,271.41
5515-019-012	\$2,757.14
5515-019-013	\$2,757.14
5515-019-014	\$2,757.14
5515-019-015	\$2,757.14
5515-019-016	\$2,757.14
5515-019-019	\$5,388.55
5515-019-020	\$5,262.82
5515-019-021	\$5,514.28
5515-024-001	\$3,932.78
5515-024-002	\$13,787.89
5515-024-003	\$5,514.28
5515-024-017	\$8,271.41
5515-025-001	\$5,514.28
5515-025-002	\$3,308.57
5515-025-003	\$2,205.71
5515-025-008	\$3,651.00
5515-025-021	\$13,785.69
5515-018-900	\$5,514.28
TOTAL	\$120,000.00